

EXHIBIT D

Two former employees of San Francisco's long-troubled Department of Building Inspection are facing felony fraud charges for allegedly accepting bribes—including cash and free meals—in exchange for expediting and approving building permits, federal prosecutors announced Friday.

Former department engineers Rudy Pada, 68, and Cyril Yu, 41, are each accused of accepting the bribes in exchange for expediting and approving permits for building and construction plans, according to the U.S. Attorney's Office for the Northern District of California. Pada allegedly accepted the bribes from 2003 until his retirement in September 2017, while prosecutors said Yu accepted them from January 2018 until February 2021.

The charges are the latest in a series of corruption cases brought by the U.S. Attorney's Office against San Francisco city officials and businesspeople in recent years, touching the highest levels of leadership within the Department of Building Inspection.

The scandal spurred the resignation of former department Director Tom Hui, who did not face criminal charges but who was accused by the city attorney of doling out preferential treatment, and led to two criminal cases against ex-building inspector Bernie Curran over payments he accepted from people whose properties he inspected.

The newest cases may also be connected to some of the same figures Curran took payments from.

I. An \$85,000 Interest-Free Loan

In the cases against Yu and Pada, the U.S. Attorney's Office said the bribes came from three unnamed executives from a yet-to-be-identified construction planning and design firm.

While the allegations in both cases are similar, prosecutors have not said whether the executives who allegedly bribed Pada are the same individuals who allegedly bribed Yu. They are referred to only as “co-conspirators” 1, 2 and 3 in court filings.

Pada, who began working at the building inspection department in 1984, is also accused of soliciting and receiving an \$85,000 interest-free loan “facilitated by Co-conspirator #1” in December 2013. Prosecutors said the duo “concealed the loan” by having a relative of the co-conspirator provide the funds.

While Pada ultimately repaid the loan in May 2018, prosecutors said he paid no interest on it despite falsely stating that he would pay an annual 6% interest rate.

Property records reviewed by The Standard show that Pada signed a deed of trust giving a property owner, Freydoon Ghassemzadeh, the right to sell Pada’s home in the Outer Sunset to recover an \$85,000 loan. Pada signed the deed in November 2013, and the filing was recorded that December.

Ghassemzadeh also once gave a loan to Curran, the former senior inspector for the Department of Building Inspection, who has since pleaded guilty.

Without naming Ghassemzadeh, federal prosecutors in Curran’s case said he was not the true source of the loan, but that the money actually came from his prominent developer relative.

The Standard previously reported that that relative may be Sia Tahbazof, a civil engineer and philanthropist who founded the design and engineering firm SIA Consulting and the development company SST Investments.

In the Pada and Yu cases, prosecutors said Co-conspirator #1, who allegedly concealed the loan to Pada, “ran a San Francisco-based construction and building planning and design firm.” Co-conspirator #1 also “owned and managed a construction company” that developed residential and commercial projects.

Co-conspirator #3, who is described only as working with Co-conspirator #1, allegedly paid Yu between \$1,200 and \$1,700 in cash for helping approve building plans for their company. These cash payments were typically made “during drives to lunch together,” prosecutors said.

II. 'What Is Going On?'

Reached by phone, Pada declined to comment.

“I don’t know. I don’t know,” Pada said. “What’s going on?”

Yu did not respond to a voicemail seeking comment.

Ghassemzadeh declined to comment, and Tahbazof did not respond to a message left on his phone.

Patrick Hannan, a spokesperson for the building inspection department, said in an email that the department “fully supports the U.S. Attorney’s actions to hold accountable these former employees and anyone who violates the public trust.”

Yu and Pada are each facing one felony count of conspiracy to commit honest services wire fraud, up to 20 years in prison and fines of up to \$250,000.

Court records indicate that they have not been arrested.

Yu has been swept up in the broader corruption scandal before.

In 2020, the U.S. Attorney’s Office alleged that former Public Works head Mohammed Nuru joined Hui, the then-Department of Building Inspection director, and permit expediter Walter Wong for dinner to discuss a development project at 555 Fulton St., according to a report from the San Francisco City Attorney's Office. That development at 555 Fulton has since become the center of a bevy of scandals, including the admission from Chinese billionaire Zhang Li that he bribed Nuru to keep construction permits moving along.

After Nuru's arrest, the city opened an anonymous tip line. That same day, someone reported that Hui had pressured a city official to assign the 555 Fulton inspection to

Yu to expedite, according to the report. The tipster said that Yu approved the plans in a single day. After the tip, Yu was interviewed by city investigators, and he confirmed that he was assigned 555 Fulton and told to prioritize it.

Yu took extended leave before resigning from department in March 2021, according to the city attorney's report.

Pada is due in court for arraignment next Tuesday, while Yu does not yet have a court date.

Noah Baustin and Jonah Owen Lamb contributed additional reporting to this story.

Michael Barba can be reached at mbarba@sfstandard.com